

VZCZCXYZ0000
OO RUEHWEB

DE RUEHC #3703 3342225
ZNY SSSSS ZZH
O P 302218Z NOV 06
FM SECSTATE WASHDC
TO RUEHRL/AMEMBASSY BERLIN IMMEDIATE 0000
RUEHSW/AMEMBASSY BERN IMMEDIATE 0000
RUEHLO/AMEMBASSY LONDON IMMEDIATE 0000
RUEHOT/AMEMBASSY OTTAWA IMMEDIATE 0000
RUEHFR/AMEMBASSY PARIS IMMEDIATE 0000
RUEHRO/AMEMBASSY ROME IMMEDIATE 0000
RUEHWL/AMEMBASSY WELLINGTON IMMEDIATE 0000
INFO RUEATRS/TREASURY DEPT WASHINGTON DC PRIORITY 0000
RHEHNSC/NSC WASHINGTON DC PRIORITY 0000

S E C R E T STATE 193703

SIPDIS

SIPDIS

E.O. 12958: DECL: UPON KOREAN REUNIFICATION
TAGS: [PARM](#) [KNNP](#) [PREL](#) [PGOV](#) [KN](#)
SUBJECT: E.O. 13382 ENTITIES -- EXAMPLES OF PROLIFERATION

REF: A. WELLINGTON 834
[1](#)B. WELLINGTON 814
[1](#)C. RICCI-NEW EMAILS
[1](#)D. SAINT-ANDRE-NEW EMAILS
[1](#)E. BERN 001998

Classified By: ISN PDAS PATRICIA A. MCNERNEY, REASONS: 1.4(B/D)

[1](#)1. (U) Action request: Department requests that Post deliver the text in paragraph 3 and/or 4, as appropriate, to appropriate host-country officials. The text in paragraph 3 and/or 4 should be left as a non-paper. End action request.

[1](#)2. (U) Background: Washington would like to provide examples of proliferation activities by DPRK-related entities designated under Executive Order 13382 (Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters), which allows the United States to block or "freeze" the property and assets subject to U.S. jurisdiction of weapons of mass destruction (WMD) proliferators and their supporters and prohibit all U.S. persons from doing business with them. Addressee host governments have indicated a willingness to consider applying sanctions to these entities, consistent with national authorities and as a means of furthering the objectives of UNSCR 1718, which outlines targeted sanctions related to North Korea's WMD and missile programs and proliferation (reftels A-E). Information provided in this demarche is intended to assist host country's review process. This information is similar to information provided to Japan and Australia before their designation of these DPRK entities on September 19, 2006. End background.

[1](#)3. (S/REL CANADA, FRANCE, UK, GERMANY, ITALY, SWITZERLAND, NEW ZEALAND) Begin talking points/non-paper for Canada, France, UK, Germany, Italy:

-- The United States appreciates our joint efforts to address financial and other support networks that facilitate proliferation, including our cooperation to stop North Korea's use of the international financial system to facilitate proliferation activities and your government's commitment to implementing the provisions of UNSCR 1718.

-- In our effort to share with you any information we have available, we would like to provide you with specific examples of proliferation activities by the entities the United States has designated under Executive Order 13382 (Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters) for North Korean proliferation activities, which allows the United States to

block or "freeze" the property and assets subject to U.S. jurisdiction of weapons of mass destruction (WMD) proliferators and their supporters, and prohibit all U.S. persons from doing business with them.

-- The United States continues to encourage countries to take steps in accordance with their national legal authorities and international law to address proliferation financing, including by adopting measures similar to E.O. 13382.

-- To that end, Washington urges your government to consider taking action, consistent with your national authorities, against these entities to help stop proliferation financing and as a means of furthering the objectives of UNSCR 1718, which outlines targeted sanctions related to North Korea's WMD and missile programs and proliferation.

-- For your information, the United States also intends to propose that the 1718 Committee designate and list the 12 entities and 1 individual which the U.S. has designated under E.O. 13382 for their involvement in DPRK-related proliferation of weapons of mass destruction or their delivery systems.

-- (INSERT PARAGRAPH 4 AS APPROPRIATE)

14. (S/REL CANADA, FRANCE, UK, GERMANY, ITALY, SWITZERLAND AND NEW ZEALAND) Begin points/non-paper for Canada, France, UK, Germany, Italy, Switzerland and New Zealand:

E.O. 13382 ENTITIES: EXAMPLES OF PROLIFERATION

KOMID

-- (S/REL CANADA, FRANCE, UK, GERMANY, ITALY, SWITZERLAND AND NEW ZEALAND) Korea Mining Development Corporation (KOMID) has dealt in the past with Iran's Shahid Hemmat Industrial Group (SHIG), an entity also designated under E.O. 13382, which is responsible for Iran's liquid-fueled missile development.

-- (U) KOMID is a North Korean arms dealer involved in the sale of missiles and advanced conventional weapons.

HESONG TRADING CORPORATION

-- (S/REL CANADA, FRANCE, UK, GERMANY, ITALY, SWITZERLAND AND NEW ZEALAND) North Korea's Hesong Trading Corporation is associated with KOMID and maintained a bank account at Tanchon Commercial Bank in late June 2005.

-- (S/REL CANADA, FRANCE, UK, GERMANY, ITALY, SWITZERLAND AND NEW ZEALAND) In early January 2004, Iran's P.C. Company, an Iranian government controlled entity, directed that a payment of approximately \$9.5 million be made to North Korea's Hesong Trading Corporation. The funds were deposited in an account held by Tanchon and were probably related to North Korean weapons sales to Iran.

TOSONG TECHNOLOGY TRADING CORPORATION

-- (S/REL CANADA, FRANCE, UK, GERMANY, ITALY, SWITZERLAND AND NEW ZEALAND) The North Korean weapons trading firm Changgwang Sinyong Corporation ("KOMID"), using the name Tosong Technology Trading Corp., contracted with a Taiwan firm in March 2000 for likely dual-use precision machine tools. Tosong and the Taiwan firm have worked together since June 1999 to provide precision machine tools to North Korea.

FOR SWITZERLAND AND NEW ZEALAND ONLY:

-- (S/REL SWZ and NZL) Pyongyang's Changgwang Credit Bank (another name for Tanchon Commercial Bank) instructed Sanaa's Yemen Commercial Bank (YCB) in late January 2003 to make several payments to KOMID representatives in Yemen. These

payments are almost certainly related to a string of possibly missile-related payments from Yemen to North Korea occurring around the same time frame. All three payments were made by Tanchon on behalf of Korea Tosong Technology Corporation, which is part of KOMID.

FOR CANADA, FRANCE, UK, GERMANY AND ITALY ONLY:

-- (S/REL CAN, FR, UK, GER, ITALY) Korea Tosong Technology Trading Corporation probably acted on behalf of KOMID related to a string of possibly missile-related payments from Yemen to North Korea in late January 2003.

FOR ALL ADDRESSEE POSTS:

TANCHON COMMERCIAL BANK

-- (U) Tanchon Commercial Bank provides financial services for KOMID and other entities designated under E.O. 13382. Please refer to the examples provided in this non-paper for Hesong Trading Corporation, Tosong Technology Trading Corporation, and Korea Complex Equipment Import Corporation for specific transactions.

KOREA RYONBONG GENERAL CORPORATION
and HYOKSIN TRADING CORPORATION

-- (S/REL CANADA, FRANCE, UK, GERMANY, ITALY, SWITZERLAND AND NEW ZEALAND) North Korea's Hyoksin Trading Corporation urgently sought carboxyl-terminated polybutadiene (CTPB), a solid propellant-related chemical, from North Korea's Korea Ryonbong General Corporation office in Russia. The CTPB requested was of sufficient quality and quantity to test as a solid rocket propellant. According to the Missile Technology Control Regime (MTCR) Annex, CTPB has applications as a binder in solid propellants and is restricted under Category II, Item 4(e). CTPB also has applications in the production of smaller solid rocket motors used to launch unmanned aerial vehicles (UAVs) and cruise missiles.

-- (S/REL CANADA, FRANCE, UK, GERMANY, ITALY, SWITZERLAND AND NEW ZEALAND) Also in mid-March and early April, North Korea's Hyoksin Trading Corp urgently sought "butyral film (bonding agent)" from North Korea's Ryonbong office in Russia. According to the MTCR Annex, bonding agents are used to polymerize propellants (bond the oxidizer) for solid rocket motors. Some bonding agents can be used also as curing agents or crosslinkers with CTPB.

KOREA COMPLEX EQUIPMENT IMPORT CORPORATION

-- (S/REL CANADA, FRANCE, UK, GERMANY, ITALY, SWITZERLAND AND NEW ZEALAND) North Korea's Changgwang Credit Bank (another name for Tanchon Commercial Bank) opened a letter of credit on behalf of Korea Complex Equipment Import Corporation (KCEIC) on April 12, 2001, for the benefit of Rosoboronexport, Russia's primary arms exporter. The letter of credit was opened for the North Korean purchase of probably military aviation-related equipment dealing with North Korean production of the 9-13L, a variant of the MIG-29, and the supply of tooling for production.

KOREA KWANGSONG TRADING CORPORATION

-- (S/REL CANADA, FRANCE, UK, GERMANY, ITALY, SWITZERLAND AND NEW ZEALAND) The Korea Kwangsong Trading Corporation purchased the dual-use Australia Group-controlled chemical sodium fluoride (NaF) in April 2003 from a Chinese company. In addition to its commercial uses, sodium fluoride can be used to form G-series nerve agents and in the purification of uranium hexafluoride (UF6). Korea Kwangsong was interested in acquiring magnesium fluoride, aluminum fluoride, carbon block, powdered cryolite, anode material, and wire rope.

-- (U) Korea Kwangsong Trading Corporation is a subsidiary of Korea Ryonbong General Corporation.

KOREA PUGANG TRADING CORPORATION ("PUGANG")

-- (S/REL CANADA, FRANCE, UK, GERMANY, ITALY, SWITZERLAND AND NEW ZEALAND) Pyongyang's Koryo Commercial Bank paid approximately \$570,000 to Korea Pugang Trading Corporation via the Pof Wah Cantt branch of Habib Bank Ltd in late December 2001. The payment was to be made to Koryo's account with Banco Delta Asia, Macau.

-- (U) Pugang is subordinate to Korea Ryonbong Corporation. The North Korean defense conglomerate Korea Ryonbong General Corporation specializes in acquisition for North Korean defense industries and support to Pyongyang's military-related sales.

KOREA RYONHA TRADING CORPORATION
(a.k.a. KOREA RYENGWANG TRADING CORPORATION)
and KOREA RYONGWANG MACHINERY JOINT VENTURE CORPORATION

-- (S/REL CANADA, FRANCE, UK, GERMANY, ITALY, SWITZERLAND AND NEW ZEALAND) The North Korean-flagged cargo vessel "Dae Song 126" loaded machine tools and accessories in Taiwan for delivery to North Korea's Ryonha Machinery Joint Venture Corporation in mid-May 2004.

-- (U) Ryonha is a subsidiary of the Korea Ryonbong General Corporation. Ryonbong is a North Korean defense conglomerate specializing in acquisition for North Korea's defense industries and support to Pyongyang's military sales.

KOREA INTERNATIONAL CHEMICAL JOINT VENTURE COMPANY

-- (U) This North Korean entity was designated because it is a subsidiary company of Korea Ryonbong General Corporation, named in the annex of E.O. 13382. Please see the Nuclear Threat Initiative's Profile of North Korea's nuclear facilities at www.nti.org/e_research/profiles/NK/45_522.html for information linking this entity to North Korea's nuclear program.

KOHAS AG and JAKOB STEIGER

-- (U) Kohas AG is an industrial supply wholesaler located in Switzerland. Kohas and Jakob Steiger, the president of Kohas, were designated under E.O. 13382 as a result of Kohas' ties to Korea Ryonbong General Corporation. Please refer to the previous examples of Ryonbong's activities.

End points/non-paper for Canada, France, UK, Germany, Italy, Switzerland and New Zealand

15. (U) ISN appreciates Posts' assistance. Please slug responses for ISN/CPI, EAP/K and the appropriate Desks.
RICE